

EXHIBIT

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COMMODITY FUTURES TRADING COMMISSION

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IN THE MATTER OF:

RETAIL FOREX FRAUD

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140 Broadway

New York, New York

May 19, 2016

9:39 a.m.

Examination of WILLIAM AHDOUT, held
at the above-noted time and place, before a
Notary Public of the State of New York.

ALLIANCE REPORTING SERVICE, INC. (516) 741-7585

1 Ahdout

2 MR. NEWMAN: He never did that
3 opposite retail customers?

4 THE WITNESS: He might have done
5 some test trades, but he never actually
6 did go full force trading.

7 MR. NEWMAN: What does "test
8 trades" mean?

9 THE WITNESS: To see if trades
10 are facilitating correctly, if the
11 system is working correctly, if the
12 trades fall into the right accounts,
13 into the right buckets, the right back
14 office, the right margin systems.

15 MR. TOMER: Are you talking about
16 back testing?

17 THE WITNESS: No, live testing.

18 MR. TOMER: Actual trades?

19 THE WITNESS: Very few, yes.

20 MR. TOMER: You said until things
21 fell apart. What do you mean by that?

22 THE WITNESS: Until we decided
23 that we don't want to have a dealing
24 desk at FXCM.

25 MR. TOMER: I'm focusing on your

1 Ahdout

2 MR. TOMER: Is there any reason
3 why Mr. Dittami would have wanted to get
4 the EES up and running on all servers on
5 April 14, 2010 or April 11, 2010?

6 THE WITNESS: Maybe, as far as he
7 thought, we're still running with the
8 project.

9 BY MR. ROMEU-MATTA:

10 Q. Do you have an understanding of
11 what Drew Niv meant by EES --

12 (Reporter clarification.)

13 Q. -- reliably capturing a lot of
14 flow?

15 A. It means that they would do a
16 majority of executions for our customers.

17 Q. A majority as compared to other
18 liquidity providers?

19 A. I'm sorry.

20 Q. A majority of the executions --

21 A. Yes.

22 Q. -- as compared to other liquidity
23 providers?

24 A. Yes.

25 Q. Do you know what trading volume

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Ahdout

Effex Capital was able to capture in 2010?

A. I don't remember the volume.

Q. Do you know whether it was a majority of the volume?

A. I don't know if it's majority.

Q. A plurality of the volume?

A. Plurality means?

Q. The largest amount of the volume but not a majority.

A. Yes.

Q. How about in 2011?

(Reporter clarification.)

A. Probably the same.

Q. In 2012?

A. Probably the same.

Q. 2013?

A. Probably the same.

Q. 2014?

A. Probably the same.

Q. So it would probably be a plurality of the volume throughout all those years?

A. Yes.

Q. Why would Drew Niv want EES

1 Ahdout

2 Q. To your knowledge did FXCM ever
3 impose a larger markup on the bid-ask spreads
4 of other liquidity providers in order to make
5 Effex's bid-ask spread more competitive?

6 A. Yes.

7 Q. When?

8 A. I don't have exact date.

9 Q. Who widened the spreads?

10 (Reporter clarification.)

11 A. Computer programmers.

12 Q. Why was that decision made?

13 A. Again, to put the fastest, best
14 execution guys in front of the execution line
15 and put the worst guys in the back of the
16 line.

17 MR. TOMER: Do you know on
18 average how often Effex was at the top
19 of the heap there?

20 THE WITNESS: Majority of time.
21 I'm sorry, how much was he at the
22 top of the book?

23 MR. TOMER: Yeah.

24 THE WITNESS: Majority of the
25 time.

Ahdout

MR. TOMER: By "majority," you mean all of 2011, all of 2012?

THE WITNESS: Probably, yes.

MR. TOMER: 2013?

THE WITNESS: Probably.

MR. TOMER: 2014?

THE WITNESS: Probably.

MR. TOMER: 2015?

THE WITNESS: Probably.

MR. TOMER: 2016?

THE WITNESS: Probably.

Q. Did the ability to view other market makers bid and offers and winning of all ties help Effex profit in market making trades?

A. I wouldn't be able to tell you that.

Q. Did it give Effex a competitive edge over other market makers?

A. Probably.

Q. Did it help Effex attract FXCM trading volume?

A. Probably.

Q. To your knowledge, did FXCM

C E R T I F I C A T E

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU)

I, ERIKA GUNTHER, RPR, a Notary
Public within and for the State of New
York, do hereby certify:

That WILLIAM AHDOUT, the witness
whose deposition is hereinbefore set
forth, affirmed before me and that such
deposition is a true record of the
testimony given by such witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage; and that I am
in no way interested in the outcome of
this matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 3rd day of
June, 2016.

 

ERIKA GUNTHER, RPR